

Message Text

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SUBJECT: COLLECTIVE BARGAINING COMMENTARY

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1. SUMMARY. SEVERAL STRIKES IN A VARIETY OF INDUSTRIES
LOCATED THROUGHOUT CANADA MAY INDICATE DIFFICULT DAYS
AHEAD FOR COLLECTIVE BARGAINING NEGOTIATIONS, WHICH NO
LONGER ARE GOVERNED BY ANTI-INFLATION BOARD CONTROLS. EARLY
SAMPLES SHOW SETTLEMENTS AROUND 8 PERCENT, WHICH IS 2 PER-
CENT OVER THE LAST YEAR OF THE WAGE CONTROL PERIOD. END
SUMMARY.

2. WHILE UNEMPLOYMENT REMAINED UNCHANGED AT 8.6 PERCENT
FOR THE FOURTH CONSECUTIVE MONTH, ITS EFFECT ON COLLECTIVE
BARGAINING APPEARS MINIMAL IN THE ORGANIZED LABOR SECTOR.
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SOME THEORISTS CONTEND THAT THE PRESSURE OF UNEMPLOYMENT
"SOFTENS" DEMANDS FROM ORGANIZED LABOR. THERE MAY BE SOME
TRUTH TO THE THEORY BUT WHEN CONTRACT NEGOTIATIONS ARE
HELD DURING PERIODS OF SHARP RISES IN THE COST OF LIVING
(NOW CALCULATED AT 9.2 PERCENT FOR THE TWELVE MONTHS ENDING
JUNE 1978), THE THEORY LOSES SOME ACCEPTABILITY.

3. NEGOTIATIONS FOR LABOR CONTRACTS TO TAKE EFFECT AFTER THE APRIL 14, 1978 WAGE AND PRICE CONTROL TERMINATION DATE APPEAR TO BE DIFFICULT -- DIFFICULT IN THE SENSE THAT UNION NEGOTIATORS WANT THE FULL AMOUNT OF WAGES LOST AS A RESULT OF INFLATION DURING THE TIME PERIOD OF THEIR LAST AGREEMENT, PLUS COST OF LIVING ADJUSTMENTS OR AN ANTICIPATED ADJUSTMENT FOR THE LIFE OF THE NEW AGREEMENT. EMPLOYERS, ON THE OTHER HAND, ARE RESISTING UNION DEMANDS WHICH HAVE IN SOME INSTANCES RESULTED IN STRIKES. FOR EXAMPLE, THE IRON ORE COMPANY OF CANADA AND THE UNITED STEELWORKERS UNION HAVE JUST REACHED SETTLEMENT AFTER AN 18-WEEK STRIKE. DETAILS ARE NOT YET KNOWN, NOR HAS THE NEW CONTRACT BEEN RATIFIED BY THE MEMBERS. NOT SETTLED ARE STRIKES IN MEAT PACKING, BREWING, FOOD DISTRIBUTION, CONSTRUCTION (ONTARIO CARPENTERS), WEST COAST FISH INDUSTRY (SHOREWORKERS), AND OTHER STRIKES IN THE IRON ORE MINING INDUSTRY. THREATENING AREAS IN LABOR-MANAGEMENT RELATIONS REMAIN IN SEGMENTS OF THE PAPER AND STEEL INDUSTRIES; THE INSIDE POSTAL WORKERS; QUEBEC GOVERNMENT AND HOSPITAL WORKERS; MONTREAL TRANSIT WORKERS, AND A NUMBER OF PROVINCIAL SCHOOL BOARDS.

4. IN MOST OF THESE NEGOTIATIONS, APART FROM CASH BENEFITS, THE TREND IS FOR TWO AND THREE-YEAR AGREEMENTS WITH COST OF LIVING CLAUSES (COLA). RECENT SETTLEMENTS (14) IN THE TORONTO AREA, NOT AFFECTED BY ANTI-INFLATION BOARD (AIB) WAGE CONTROLS, AVERAGED 8.3 PERCENT. WHILE THE SAMPLE IS UNCLASSIFIED

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SMALL, IT DOES SUGGEST REVERSAL OF THE DOWNWARD TREND IN NEW SETTLEMENTS, WHICH AVERAGED 6.7 PERCENT FOR BASE WAGES OF COLLECTIVE AGREEMENTS IN THE FIRST QUARTER OF THIS YEAR AND 7.1 PERCENT IN THE FOURTH QUARTER OF 1977.

5. COMMENT: STIFFENING WAGE BARGAINING AND CONTINUED POOR PRICE PERFORMANCE (THE TWELVE MONTH CPI INFLATION RATE WAS UP 0.2 PERCENT TO 9.2 PERCENT IN JUNE) SHOW SIGNS OF CAUSING GOC INCREASING NERVOUSNESS AND AT SOME LATER DATE MIGHT FORCE RE-EXAMINATION OF ITS WAGE/PRICE POLICY WHICH NOW AMOUNTS TO LITTLE MORE THAN MONITORING. ENDERS

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